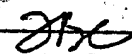


EXECUTIVE SECRETARIAT**Routing Slip**

| TO: | | ACTION | INFO | DATE | INITIAL |
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| 3 | 1 DCI | | X | | |
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| 7 | 9 Chm/NIC | | X | | |
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| | 11 IG | | | | |
| | 12 Compt | | | | |
| | 13 D/EEO | | | | |
| | 14 D/Pers | | | | |
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| 8 | 17 SA/IA | | X | | |
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| SUSPENSE | | 1500. 31 March 82 Date | | | |

Remarks:

Please prepare response for
my signature.


Executive Secretary

29 March 1982

Date

3537 (10-81)

Action
changed
to C/NIC
JSC

NSC review completed.

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**NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506**

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March 29, 1982

MEMORANDUM FOR L. PAUL BREMER III
Executive Secretary, Department of State

LTC. ROBERT P. MEEHAN
Assistant for Interagency Matters
Office of the Secretary of Defense

JEAN JONES, Director, Executive Secretariat
Department of Commerce

STEPHEN SHIPLEY
Executive Assistant to the Secretary
Department of Interior

WILLIAM V. VITALE, Director
Office of the Executive Secretariat
Department of Energy

WILLIAM SCHNEIDER, Associate Director
for National Security and International Affairs
Office of Management and Budget

THOMAS B. CORMACK, Executive Secretary
Central Intelligence Agency

ROGER PORTER, Special Assistant to the President
for Policy Development

JAMES BURNHAM, Special Assistant to the
Chairman, Council of Economic Advisers

CHARLES F. STEBBINS, Executive Assistant
to the Chairman, Joints Chiefs of Staff

SHEILA DRYDEN, Special Assistant to the
Director, Federal Emergency Management Agency

SUBJECT: National Security Study Directive Re
Comprehensive U.S. Energy Security Policy

The attached draft National Security Study Directive is being
recirculated for formal comment. It incorporates comments
already received from several agencies on an informal basis.

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Review 3/25/88

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- 2 -

We would appreciate therefore receiving your comments no later than COB Wednesday, March 31, 1982.

The administration of the study will be decided by the President. But it is not intended that this study will duplicate or replace significant interagency work that has been completed or is ongoing. Instead, it will establish an overall management group with responsibilities to provide guidance to existing groups, establish new groups where necessary, and review all aspects of U.S. policy in the broadest context of national and economic security concerns. The study will lead to a final comprehensive report sometime in the second half of the year.

It would be useful, therefore, to include in your comments a list of interagency activities completed or underway in your respective areas. For each group, provide the following information:

- character of group (IG, informal working group, etc.)
- agency membership and chairmanship
- studies completed and related policy decisions (under the present Administration only)
- ongoing work, with expected date of completion and subsequent policy consequences.

Michael O. Wheeler
Michael O. Wheeler
Staff Secretary

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NATIONAL SECURITY STUDY DIRECTIVE

DRAFT

Comprehensive U.S. Energy Security PolicyIntroduction

The Administration has yet to establish a comprehensive policy for dealing with the security of energy supplies. Such a policy is needed to complement the Administration's market-oriented policy toward the production and consumption of energy supplies. Domestic policies already in place will serve as input for this review of the larger national and international security considerations associated with energy supply and demand. (TS)

An energy security policy deals with non-economic influences on the market. Twice in the past nine years, these non-economic influences -- embargo-induced production cutbacks in 1973 and the Iranian revolution in 1979 -- have impacted severely on the market for energy. Because energy is an essential and pervasive commodity for industrial and agricultural production, the security of energy supply is vital to national economic and ultimately national security interests. In addition, America's principal allies acquire a major share of their energy requirements through imports and would suffer severe economic and political dislocations if these imports were suddenly interrupted or seriously threatened. (TS)

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This National Security Study Directive establishes the Terms of Reference for an interagency study to establish a comprehensive national security policy for energy. (TS)

Objective of Study

The study will lead as appropriate to a National Security Decision Directive on U.S. energy security policy for consideration by the National Security Council and, in turn, for decision by the President. (TS)

Scope

The interagency study should examine the following issues:

- I. Projections of world (OECD, Communist countries, and LDCs) energy supply, demand and trade in several different time frames (short, medium and long range)
 - o Evaluation of range of projections (by private groups as well as government) of
 - who will be producing, exporting and importing
 - what types of energy
 - at what prices
 - in what amounts (C)
 - o Anticipated levels of U.S. and allied energy, particularly oil, imports under best case and worst case assumptions (C)
- II. Assessments of Vulnerability from and Threat of Disruption of Projected Levels of Energy Imports
 - o Vulnerability
 - size of disruption required under different supply and demand projections to create unacceptable vulnerability

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- economic effects of such disruptions on domestic and international markets
- political ramifications
- effects on military preparedness

- o Threat

- Sources of possible disruptions
- likelihood of occurrence of various types of disruption

III. Planning for Disruptions

- o Whether and how to deter threats of disruption

- diplomatic leverage with producers and exporters
- key security policies to reduce the likelihood of political situations leading to disruptions
- international and national safety net measures (e.g. stockpiles, surge capacity, IEA Emergency Sharing System, etc.) to reduce effects of disruption and hence value of disruption to hostile suppliers
- supply diversification and reducing reliance on unreliable and vulnerable supplies (e.g., Soviet gas pipeline)

- o Planning to cope with disruptions

- whether and how USG should influence oil company purchases abroad either to fill SPR or to diversify away from unreliable sources of supply

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- guidelines for use of SPR in crisis
- planning to ensure that U.S. and allied military needs are met in crisis
- planning to ensure recovery from crisis

- international strategies to cope with disruption
 - military measures to cope with disruptions (e.g. deployment of RDF to secure oil supply lines, etc.)
 - coordination of U.S. military and diplomatic measures with allies and friends
 - economic actions coordinated through International Energy Agency or elsewhere
 - use of IEA Emergency Oil Sharing System (TS)

IV. Long-Term Policies to Reduce Imports from Unreliable Sources of Supply

- o development of long-term, high-risk energy technologies
- o removing impediments to greater production and substitution of more secure energy supplies
- o impact of cyclical swings in oil prices on development of more secure alternative energy supplies (C)

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